

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00

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R 0171909Z JAN 75

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 8291

INFO AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY OTTAWA

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE BRIDGETOWN 0081

E.O. 11652: N/A

TAGS: EAIR ETRN BB

SUBJ: CIVAIR: PM BARROW DISCUSSES LIAT

REF: BTN 2127 (12/10/74)

1. DURING WIDE-RANGING TELEVISED PRESS CONFERENCE JANUARY 15 (SEPTELS), PM BARROW DISCUSSED LIAT SITUATION BRIEFLY. HE STATED THAT SERIES OF MEETINGS RE AIRLINE'S FUTURE HAD BEEN SCHEDULED TO BE HELD IN BARBADOS SINCE EARLY DECEMBER (REFTEL), BUT THAT GOTT INABILITY TO ATTEND HAD FORCED THEIR POSTPONEMENT. PM NOTED THAT GOTT WAS STILL AWAITING ANSWERS TO SERIES OF QUESTIONS IT HAD POSED TO GOVERNMENTS CONCERNED RE LIAT'S FUTURE AND HE REMARKED THAT BARBADOS HAD EXPECTED "A LOT MORE COOPERATION FROM OUR NEIGHBOR TO THE SOUTH" (ON AVIATION MATTERS). PM ALSO OBSERVED THAT BARBADOS ITSELF COULD NOT UNDERWRITE LARGE CAPITAL INVESTMENT REQUIRED FOR LIAT NOR COULD GOB UNDERWRITE RECURRENT DEBTS WHICH HE SAYS AIRLINE IS BOUND TO INCUR OVER NEXT THREE YEARS OR SO GIVEN COST OF FUEL AND TYPES OF LIAT EQUIPMENT.

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2. LIAT ITSELF SEEMS TO BE BEGINNING TO FEEL FINANCIAL PINCH. IT HAS CANCELLED SOME FILGHTS AND RECENTLY DISMISSED SOME STAFF (3 EXPATRIATE PILOTS AND ONE LOCAL ENGINEER IN BARBADOS AND SOME STAFF IN OTHER ISLANDS) WHICH HAS RESULTED IN GO-SLOW (WORK-TO-RULE) BY WORK FORCE IN DOMINICA AND THREATS OF SIMILAR ACTION AND POSSIBLE STOPPAGE BY BARBADOS EMPLOYEES.

3. CDB REPORTS THAT IT IS CONTINUING TO APPRAISE LOAN APPLICATION FOR LIAT AND THAT THOSE CONCERNED ARE BEING MORE FORTHCOMING IN PROVIDING INFORMATION THAN PREVIOUSLY. (A FEASIBILITY STUDY OF LIAT SUCCESSOR DONE UNDER AIR CANADA AUSPICES MAY PROVIDE CDB AND OTHERS WITH FURTHER NEEDED DATA). CDB MAINTAINS THAT GOTT MAY YET CHOOSE TO PARTICIPATE IN NEW LIAT VENTURE DESPITE SHARPENING DIFFERENCES BETWEEN WILLIAMS AND BARROW OVER CIVIL AVIATION MATTERS. BANK ANTICIPATES THAT IT WILL FOLLOW ITS USUAL PRACTICE OF REQUIRING GUARANTOR FOR LOAN AND CONFIRMS THAT IT WOULD NOT REGARD ASSOCIATED STATES/GRENADA AS BEING ABLE TO UNDERTAKE SUCH A COMMITMENT.

4. COMMENT: GIVEN BARROW'S RECENT ACTIONS AGAINST BWIA CARGO OPERATIONS AND CONTINUING DIFFERENCES WITH GOTT RE CIVAIR, PICTURE DOES NOT APPEAR BRIGHT FOR SECURING GOTT PARTICIPATION IN LIAT VENTURE. SOME PEOPLE HERE, HOWEVER, INCLUDING CDB PRESIDENT WILLIAM DEMAS, MAINTAIN THAT WILLIAMS AND BARROW MAY MANAGE TO WORK SOMETHING OUT RE LIAT DESPITE THEIR DIFFERENCES. CERTAINLY GOTT PARTICIPATION WOULD MAKE LIAT PROSPECTS MUCH BRIGHTER THAN THEY ARE NOW.

SIMMS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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